



# **JULIE LASSA**

## **STATE SENATOR**

### **SENATOR JULIE LASSA'S SENATE BILL 7 TESTIMONY**

#### **Factory-Built Housing Language Modernization Bill**

**Senate Committee on Economic Development, Job Creation, Family Prosperity and Housing**

**Wednesday, February 14, 2007**

**10:00 am**

Good morning committee members - thank you for allowing me the opportunity to address you today on Senate Bill 7, related to factory-built housing language changes. I was approached by the Wisconsin Housing Alliance to introduce this legislation to update and clarify statute language relating to mobile, manufactured, and modular homes and recreational vehicles.

The foundation of Senate Bill 7 can be found in the recommendations of the Governor's Task Force on Manufactured Housing. This group was tasked with reporting on the state of the Wisconsin manufactured housing industry, and analyzing and evaluating the changes in statutory provisions and administrative rules that would ensure its continued success.

Senate Bill 7 has received wide bipartisan support and lists 29 co-sponsors in the Senate and the Assembly. In summary, Senate Bill 7:

- Modernizes, corrects, updates, and clarifies terminology related to factory-built housing statutes.
- Creates a single definition for "mobile home."
- Creates a single definition for "manufactured home."
- Creates a more consistent use of the terms "mobile home" and "manufactured home."
- Changes "manufactured building" to "modular home."
- Changes "parking permit fee" to "municipal permit fee."
- Makes modifications to the definition and applicability of "recreational vehicle."
- Per Chapter 101 of the statutes and Comm-26 of administrative code, it takes three manufactured homes on a plot of ground to be considered a manufactured home park. This bill corrects Chapter 66 which wrongly states two homes.

I ask the committee to support the "Language Bill." The Department of Revenue notified us yesterday afternoon that there are some technical changes that need to be made to the bill's language to meet our intent. We will be working with them to address these issues in a technical amendment. This bill has been in the works for several years and it is an important step in making factory-built housing regulation more clear and efficient.

Thank You.





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**Jim Doyle**  
Governor

**Roger M. Ervin**  
Secretary of Revenue

Senate Economic Development, Job Creation, Family Prosperity and Housing Committee  
Hearing, February 14, 2007

## **SB 7 – Mobile and Manufactured Home Definitions (Senator Lassa)**

### *Description of Current Law and Proposed Change*

The bill standardizes several definitions across statutory chapters relating to the mobile and manufactured housing industry and updates general language and terms. The definitional changes may modify how particular properties are treated for property tax, sales tax, and certain income tax credits.

### *Fairness/Tax Equity*

- By standardizing definitions of mobile and manufactured homes, the bill provides uniformity across areas of applicable law. However, by changing definitions of properties subject to property tax, the bill changes how some of those properties would be taxed.
- Additions, attachments, annexes, foundations, and appurtenances would likely become subject to personal property taxes rather than to the current mobile home parking permit fee. The mobile home parking permit fee is paid by the owners of the mobile homes as part of their monthly fee to the park operator, allowing the property tax payments to be spread over a 12-month period. Having individual properties subject to both the property tax and the parking permit fee increases the compliance burden for owners.
- Current law exempts recreational mobile homes, including steps and platforms not exceeding 50 square feet, from the monthly parking fee. The definition of recreational mobile home under the bill refers to mobile homes built before June 15, 1976. The bill does not exempt recreational vehicles, the term used for newer recreational mobile homes. As a result, it is likely that most recreational mobile homes in mobile home parks, as defined under current law, would become taxable under the bill, while older mobile homes would remain exempt.
- The proposed definitions change the size dimensions of different classifications of mobile homes in ways that make it unclear how some properties would be taxed and could result in similar structures being taxed differently. Some definitions use a 40-foot length, others a 45-foot length. Similarly, some use 400 square feet and others use 320 square feet. For example, a manufactured home must be 40 feet or more in length and a recreational vehicle may not exceed 45 feet in length. It is unclear how a vehicle that is between 40 and 45 feet should be classified.

*Impact on Economic Development*

- None.

*Administrative Impact/Fiscal Effect*

- The bill makes numerous substantive changes to property tax and monthly parking fee law and, while data is not available to estimate the fiscal impact of these changes, some of the provisions will have an impact on property tax collections.
- Changes in the classification of mobile and manufactured homes as real property, personal property or property subject to the mobile home fees, can affect the costs to administer the property tax. It is generally more costly to collect taxes on a mobile home classified as personal property. The additional cost may be due to the difficulty in obtaining information regarding mobile home owners and billing addresses, especially when owners are part-time residents.
- The bill increases the cost of administering mobile home licensing and parking fees by requiring that the municipality first pursue small claims action against mobile home owners before collecting from park operators.
- The bill deletes the requirement that a park operator file plans and specifications with its license application showing that it complies with local ordinances and Department of Health and Family Services requirements. The bill also deletes the provision in current law that requires a license to be issued by the municipal clerk only after the work set forth in the plans has been completed and after approval by the municipality. Deleting these provisions diminishes the authority of the municipality and could increase costs for the municipality to determine if a park complies with local ordinances.

Prepared by: Pam Walgren, (608) 266-7817

February 13, 2007

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2007 SB 7  
SG



TO: Members of the Wisconsin State Legislature

FROM: Luke Rollins  
Director of Government Affairs  
Wisconsin Housing Alliance  
Phone: 608-255-3131 Email: luke@housingalliance.us

RE: **SB-7/AB-21: FACTORY-BUILT HOUSING LANGUAGE MODERNIZATION BILL**

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Function of SB-7/AB-21:

- This bill modernizes, corrects, updates, and clarifies terminology related to factory-built housing statutes.

Status of SB-7/AB-21:

- This bill has a broad and bipartisan base of 29 co-sponsors.
- This bill's leads include: State Senator Julie Lassa and State Representative John Townsend.
- Senate Housing: February 14.
- Assembly Housing: February 15.

Provisions of SB-7/AB-21:

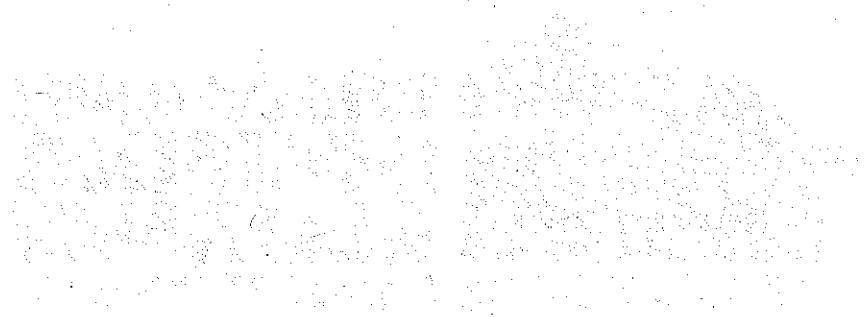
- Creates a single definition for "mobile home".
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- Change "manufactured building" to "modular home".
- Change "parking permit fee" to "municipal permit fee".
- Makes modifications to the definition and applicability of "recreational vehicle".
- Per Chapter 101 of the statutes and Comm-26 of administrative code, it takes 3 manufactured homes on a plot of ground to be considered a manufactured home park. This bill corrects Chapter 66 which wrongly states 2 homes.

Historical Context for SB-7/AB-21:

- The foundation of the "Language Bill" can be found in the recommendations of the Governor's Task Force on Manufactured Housing (1999-2002).
- In March of 2006, the prior version of this bill was introduced and passed Assembly Housing unanimously. But time ran short for scheduling at the end of session.

Rationale for SB-7/AB-21:

- This bill advances the modernization of Wisconsin statutes to capture 30 years of industry modernizations.
- This bill facilitates efficiency of regulation.
- This bill helps clarify terminology to help regulators, industry and consumers.
- This bill has no fiscal and no FTE component.
- This bill was constructed in consultation with multiple agencies, organizations and interests, including: Wisconsin Department of Commerce, Wisconsin Department of Transportation and the Recreational Vehicle Industry Association, etc.
- Wisconsin has an active factory-built housing industry with 12 manufacturers and 190 retailers of UDC-modular and/or HUD-manufactured homes, with approximately 2,000+ home shipments per year. As well, Wisconsin has over 51,000 manufactured home sites in land-lease communities.



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